

Dude Ranches Capitalize on 3 Current Trends

By J. Hugh Winn and Tom Davis

In the West, vacation farms are called dude ranches. A working dude ranch usually is an enterprise that has one or more agricultural operations and provides recreational facilities and services to guests for a fee. The agricultural operations involved are usually livestock-oriented.

Three current trends are expanding demand for dude ranch vacations: A desire to participate in the lifestyle of the old West, energy-conscious Americans seeking single-destination vacations, and heightened environmental awareness of the public creating the urge for recreation in natural areas.

A dude ranch in the West requires 40 to 80 acres as a headquarters. It is essential that this area be near a large tract of publicly-owned land available for recreation use such as backpacking, trail riding, and cross-country skiing.

Scenic values are important to dude ranch guests. Mountains, forests, sparkling rivers, streams with beaver ponds, all are part of the desired ranching experience as well as wildlife and livestock viewing.

Access to dude ranches need not be easy. Remote locations add to the desirability of the ranching experience, but may be a hazard for the ranch operator or guest. Arrangements must be made for providing emergency services in case of accident or illness.

A dude ranch operator must combine characteristics of a rancher, businessman, hotel operator and recreation director. The operator must know livestock, horsemanship, ranch maintenance, business operations, and public relations, as well as how to get along with people and to cope with a variety of situations. The operator's family must be willing to become part of

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the enterprise and to sacrifice some privacy. Above all, they must enjoy working with and living among other people.

Income potential from dude ranching depends primarily on the desires and needs of the ranch operator, who must determine how much time, capital and energy to commit. A balance must be struck between the demands of the agricultural enterprise and the demands of providing visitor services.

Other factors which may affect income potential are management skills of the operator, availability of capital, and competition from other dude ranches or recreational enterprises.

Initial Steps

Before going into dude ranching, visit several operating dude ranches to observe and ask questions. This can give you ideas on needed facilities, equipment, and recreation programs, and problems you may face.

A beginner should start small and add activities as business picks up. This way you will not have invested too heavily if you decide not to continue the operation.

Clientele may support a campground, souvenir stand, or horse breeding program. Local handicrafts or ranch products might be a profitable sideline.

Contact with the clientele makes it easy to respond immediately to needs and desires of the "guest". The owner has daily meals with guests, and can share experiences from the various program activities.

The day of the "mud on the boots" type operation has passed. Proper planning, organizing, directing, coordinating and controlling need to be accomplished by even the smallest vacation-ranch.

Scheduling of guests, activities and events must be precise. Intermediate and long-range plans should reflect anticipated needs of guests.

Meeting Regulations

All States have health, sanitation and safety requirements for any business providing lodging, food service, and various activities. Different regulations may apply to a dude ranch, depending on the size and intensity of the operation.

If the enterprise is small, with lodging in the home, bunkhouse, or cabins, with guests and the operator's family all eating together, it may be classified as a boarding house. Health and sanitation requirements for boarding houses apply. If the operation is larger, with a motel and walk-in restaurant, requirements would have to be met for these establishments.

Potential dude ranch operators should contact the local representative of the State health department for information and advice.

Usually county and state licensing apply to a dude ranch. Municipal licensing requirements must be met if the operation is within municipal boundaries.

At the municipal or county level, a license to do business may be needed. Some counties, however, do not require this. If new facilities are planned, county building codes must be met and permits obtained. Check with your county officials for information.

State licenses required depend on the size of operation, facilities, and services offered. They might include a sales tax permit, lodging and restaurant licenses, beer or liquor licenses, dance hall license, and guide's license.

Permits may be needed to use State and Federal lands or waters in the dude ranch operation. Requirements vary with type of use and agency involved. Get information from the agency managing these lands.

Many States have some zoning regulations for unincorporated areas. Dude ranches may be permitted to operate in open zones—where you can do about as you please, agricultural zones, business zones, tourist or amusement zones, and perhaps in some recreational zones.

Contact the county planning commission or the county zoning administrator for zoning regulations.

Tax Requirements

Taxes required from dude ranches vary among States and for different types of operations. For example, taxes on business property may be assessed at a different rate than on agricultural land.

Special taxes may apply depending on the operation or programs. Examples would be county or State sales taxes, lodgings tax, amusement tax, and vending machine tax.

The dude ranch operator will be subject to withholding and unemployment taxes for employees. Some form of workmen's compensation payment may be required.

The variety and cost of these taxes must be included when considering the feasibility of a dude ranch enterprise.

To control the operation you need certain key indicators to show how well you are doing at any time. Good business records are vital.

The profit and loss statement and balance sheet are the most widely understood and used by all businesses. Monthly

cash flow projections are essential to decision-making and must be used.

Develop a record program that separates out and allocates expenses to the correct enterprises. Good records help you have a proper balance of assets. Land, livestock, machinery and equipment inventories must show the best return related to the economic activity. Gross earnings need to be identified with enterprise cost.

Dude ranch operations may have many hazards for people unfamiliar with livestock, ranch equipment, horses and outdoor activities. It is essential to have adequate liability insurance, besides other forms of coverage.

Statutes and court decisions concerned with limits of liability vary. Legal consultation is advised for prospective operators.

Insurance rates may vary among companies. Contact different companies for coverages offered and rate schedules.

Repeat Business

It is your job to make the guests' experience as enjoyable as possible. This can pay off in repeat business. Otherwise you will have to find new customers each season.

The dude ranch operator should be involved in efforts to promote the enterprise at local, regional, state and national levels. This may mean active membership in a local Chamber of Commerce, a regional tourism association, a guest ranch association, and a national organization to promote recreation or tourism.

Like other businessmen, you must advertise. Identify the type of visitor you are most comfortable with and select media which will reach these people. Advertising budgets vary from 0 to 15 percent of gross revenues. Of course, the best advertising is also the least expensive: word-of-mouth by a satisfied guest.

The Small Business Administration and the Farmers Home Administration are two Federal agencies that may be able to help you financially and technically in developing a working dude ranch. Other assistance can be obtained from State fish and game agencies, the Forest Service, the Bureau of Land Management, your State land-grant university, and the county Extension office.